

~~CONFIDENTIAL~~March 13th, 1959COCOM Document No. 2869.85COORDINATING COMMITTEERECORD OF DISCUSSIONONREVIEW OF THE STRATEGIC EXPORT CONTROLS - ADMINISTRATIVE PRINCIPLE NO. 3.March 5th, 1959

Present: Belgium(Luxembourg), Canada, Denmark, France, Germany, Italy, Japan, Netherlands, United Kingdom, United States.

References: COCOM 2401, 2869.5, 2869.55, 2869.57, 2869.61, 2869.64, 2869.72, 2869.73, 2869.76, 2869.80, 2869.82, 2869.84 and Secretariat Paper No. 102.

1. The CHAIRMAN recalled that at the last meeting the French Delegate had suggested that Delegations should consider the adoption of a Note to qualify the phrase "the principal element". He invited Delegates to give the views of their authorities on the Note recorded in paragraph 13 of COCOM 2869.84.
2. The CANADIAN, DANISH, FRENCH and NETHERLANDS Delegates said that their authorities could accept this Note.
3. The UNITED STATES Delegate said that his authorities considered the French proposal ingenious and commendable. He noted that it was dependent on the phrase "the principal element" as it stood in the present French text of Administrative Principle No. 3. He said that the United States authorities could accept the phrase "the principal element" if an addition were made to the Note suggested by the French Delegate, designed to show that in addition to the factors of quantity, value and technological know-how there might be other special circumstances to establish the embargoed component as the principal element. Behind this condition lay the reasoning that the embargoed component might be the principal element as far as the desire of the Soviet Bloc to have the complete plant was concerned, even if not in quantity, value or technological know-how alone. It might, for example, be something the Bloc was known to be shopping for and in need of. It might be a unique item or items requiring a long time for production and needed by the Bloc without delay for strategic production plans. The Delegate suggested that the following wording should therefore be added to the French Note. He pointed out that he was ready to consider any editorial changes which might be proposed:

" ... and other special circumstances which might establish the embargoed component as the principal element of the item being procured by the Sino-Soviet Bloc."
4. The GERMAN Delegate said that he agreed with the proposal made by the United States Delegate. The German Delegation had proposed the deletion of the reference to value and quantity because they considered that these were not the only factors to be considered. They had always maintained that the principal element of any item was that which gave it its special characteristics. He referred once more to the example of a complete

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wind channel which contained an embargoed compressor (COCOM 2869.61, paragraph 6(c)II(ii)), the compressor was worth perhaps only 10% of the total value and yet was the essential component of the whole equipment. The Delegate continued that his authorities were not very favourably disposed towards the French Note but they could accept it with the addition proposed by the United States.

5. The ITALIAN Delegate stated that he could accept the French Note ad referendum. The JAPANESE Delegate said that his authorities could accept the French Note provided the majority of the Committee agreed to it and the UNITED KINGDOM Delegate said that his authorities could accept it if all other Members of the Committee agreed to it.
6. The CHAIRMAN summed up the position by stating that all Members of the Committee with the exception of the German and the United States Delegations could accept the French Note. The German and United States Delegations wished to add a reference to special circumstances and he invited the other Members of the Committee to give their views on this proposed addition.
7. The FRENCH Delegate recalled that his authorities considered that Administrative Principle No. 3 had worked satisfactorily in the past. They had made their proposal for a Note because of their desire to see the Committee reach agreement and the Note had been very carefully worked out by a Committee of experts. The Delegate's first impression was that the addition proposed by the United States, although it still left judgement to the exporting country, seemed to be rather vague. He nevertheless undertook to refer the United States proposal back to his authorities.
8. The JAPANESE Delegate recalled that at the beginning of the discussion in October 1958 his Delegation had supported the German proposal to delete the reference to value and quantity. He agreed with the remarks which had just been made by the German Delegate and stated that he could accept the addition proposed by the United States Delegation.
9. The BELGIAN and CANADIAN Delegates accepted the United States proposal ad referendum. The DANISH Delegate said that he could accept the United States proposal if it were accepted by the majority of the Committee.
10. The UNITED KINGDOM Delegate said that he felt that if the Committee found the French proposal to be unacceptable it would be better to leave the wording of Administrative Principle No. 3 unchanged.
11. The COMMITTEE agreed to hear the final views of Governments on March 9th.

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